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COSTS - SUPPLEMENTAL COMPENSATION - CIA RESERVE CORPS

At Tab 1 are examples of alternative supplemental compensation payments to six employees who are actually planning retirement in FY 1969. Grades and steps are shown. The pay rates listed as terminal salaries are based on the proposed July 1968 pay schedule recently announced by the Civil Service Commission. The estimated annuities are reasonably accurate and are based on actual creditable service.

At Tab 2 are various calculations relating to the projected costs of a supplemental compensation system beginning FY 1969. The projections are based on a total of 212 employees scheduled to retire under the Civil Service Retirement Act in FY 1969 and 122 employees eligible in FY 1969 to retire at ages 56, 57, 58, and 59 under the CIA Retirement System. These projections do not include employees eligible to apply for voluntary retirement under the 55-30 option of the Civil Service Retirement Act or those employees under age 56 who may be eligible for voluntary retirement under the CIA Retirement System. In preparing these projections, the salary shown as terminal salary is based on the July 1968 proposed pay schedule. Annuities are rough, "ball-park", estimates based on a review of selected cases and past experience.

At Tab 3 is a summary of costs for both retirement systems based on the information reported in Tab 2.

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CIA SYSTEM

CSC SYSTEM

	<u>GS-06/9*</u>	<u>GS-12/9</u>	<u>GS-17/3</u>	<u>GS-07/9</u>	<u>GS-12/9</u>	<u>GS-17/3</u>
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A. Terminal Salary	\$8,010	\$15,422	\$28,000	\$8,845	\$15,422	\$28,000
B. Annuity	\$3,037	\$ 8,443	\$13,300	\$4,258	\$ 6,005	\$12,380
C. Difference	\$4,973	\$ 6,979	\$14,700	\$4,587	\$ 9,417	\$15,620
D. Supplemental compensation alternatives applied to difference						
(1) 80% — 1st year	\$3,978	\$ 5,583	\$11,760	\$3,669	\$ 7,533	\$12,496
40% — 2nd year	1,989	2,791	5,880	1,834	3,766	6,248
20% — 3rd year	994	1,395	2,940	917	1,883	3,124
(2) 80% — 1st year	\$3,978	\$ 5,583	\$11,760	\$3,669	\$ 7,533	\$12,496
60% — 2nd year	2,983	4,187	8,820	2,752	5,650	9,372
40% — 3rd year	1,989	2,791	5,880	1,834	3,766	6,248
(3) 60% — 1st year	\$2,983	\$ 4,187	\$ 8,820	\$2,752	\$ 5,650	\$ 9,372
40% — 2nd year	1,989	2,791	5,880	1,834	3,766	6,248
20% — 3rd year	994	1,395	2,940	917	1,883	3,124

*No GS-07 is scheduled to retire under the CIA System in FY 1969. This is the closest available.

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PROJECTED COSTS - SUPPLEMENTAL COMPENSATION

Civil Service Retirement System

1. Number Eligible	212
2. Average Salary	\$14,064
3. Average Annuity	\$ 6,000
4. Difference	\$ 8,064
5. Supplemental compensation alternatives applied to difference	
a. 80% — 1st year	\$1,367,612
40% — 2nd year	683,700
20% — 3rd year	<u>341,744</u>
Total	\$2,393,056
b. 80% — 1st year	\$1,367,612
60% — 2nd year	1,025,656
40% — 3rd year	<u>683,700</u>
Total	\$3,076,968
c. 60% — 1st year	\$1,025,656
40% — 2nd year	683,700
20% — 3rd year	<u>341,744</u>
Total	\$2,051,100

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PROJECTED COSTS - SUPPLEMENTAL COMPENSATION

CIA Retirement System

1. Age	56	57	58	59	
2. Number Eligible	31	35	30	26	
3. Average Salary	\$ 18,046	\$ 18,125	\$ 19,809	\$ 18,804	
4. Average Annuity	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	
5. Difference	\$ 11,046	\$ 11,125	\$ 12,809	\$11,804	
6. Supplemental compensation alternatives applied to difference					Total
a. 80%	\$273,916	\$311,500	\$307,410	\$245,518	\$1,138,344
40%	136,958	155,750	153,690		446,398
20%	<u>68,479</u>	<u>77,875</u>			<u>146,354</u>
Total	\$479,353	\$545,125	\$461,100	\$245,518	\$1,731,096
b. 80%	\$273,916	\$311,500	\$307,410	\$245,518	\$1,138,344
60%	205,437	233,625	230,550		669,612
40%	<u>136,958</u>	<u>155,750</u>			<u>292,708</u>
Total	\$616,311	\$700,875	\$537,960	\$245,518	\$2,100,664
c. 60%	\$205,437	\$233,625	\$230,550	\$184,132	\$ 853,744
40%	136,958	155,750	153,690		446,398
20%	<u>68,479</u>	<u>77,875</u>			<u>146,354</u>
Total	\$410,874	\$467,250	\$384,240	\$184,132	\$1,446,496

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S U M M A R Y

	<u>CS SYSTEM</u>	<u>CIA SYSTEM</u>	<u>TOTAL</u>
<u>Number Eligible</u>	212	122	334
<u>Supplemental Compensation Alternatives</u>			
1st year — 80%	\$1,367,612	\$1,138,344 ^{1/}	\$2,505,956
2nd year — 40%	683,700	446,398 ^{2/}	1,130,098
3rd year — 20%	<u>341,744</u>	<u>146,354^{3/}</u>	<u>488,098</u>
Total	\$2,393,056	\$1,731,096	\$4,124,152
1st year — 80%	\$1,367,612	\$1,138,344 ^{1/}	\$2,505,956
2nd year — 60%	1,025,656	669,612 ^{2/}	1,695,268
3rd year — 40%	<u>683,700</u>	<u>292,708^{3/}</u>	<u>976,408</u>
Total	\$3,076,968	\$2,100,664	\$5,177,632
1st year — 60%	\$1,025,656	\$ 853,744 ^{1/}	\$1,879,400
2nd year — 40%	683,700	446,398 ^{2/}	1,130,098
3rd year — 20%	<u>341,744</u>	<u>146,354^{3/}</u>	<u>488,098</u>
Total	\$2,051,100	\$1,446,496	\$3,497,596

^{1/} Includes ages 56 through 59 since all qualify for 1st year payment.

^{2/} Includes ages 56 through 58 since only these qualify for 2nd payment.

^{3/} Includes ages 56 and 57 since only these qualify for 3rd year payment.

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